

From: Jon McKinney [mailto:jonmcky@gmail.com]
Sent: Tuesday, July 30, 2019 4:55 PM
Subject: Letter to FERC

Good afternoon,

We're working to urge FERC to act on an issue that is important to the nation's coal and nuclear fleets and to the electricity grid.

Some 19 months ago, FERC opened a resilience docket titled "Grid Reliability and Resilience Pricing and Grid Resilience in Regional Transmission Organizations and Independent System Operators" but has done very little since then with regard to the docket. We believe that fuel security provided by the coal and nuclear fleets will make the grid more resilient, but coal and nuclear retirements continue to mount while we wait for FERC to act on the docket.

Given the importance of public utility commissioners, we hope that you and other commissioners will send a letter to FERC requesting that the Commission make a decision and issue an order as expeditiously as possible with regards to the resilience docket. The attached sample letter provides additional information. The letter does not tell FERC what to do, other than make a decision and issue an order. We would appreciate your willingness to send a letter quickly. Please let me know if you plan to send a letter.

If you have any questions or concerns, you can call or email me.

Jon McKinney

WV Commissioner Emeritus

304-561-8647

From: McCabe, Brooks

Sample Commissioners DRAFT to FERC

July [xx], 2019

The Honorable Neil Chatterjee
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Mr. Chairman:

I am/We are writing to request that FERC make a decision and issue an order in an expeditious manner for the docket titled *Grid Reliability and Resilience Pricing and Grid Resilience in Regional Transmission Organizations and Independent System Operators* (“ISO/RTO Grid Reliability and Resilience Docket”) that FERC opened almost 19 months ago.ⁱ

FERC opened this docket to examine reliability and resilience on January 8, 2018, noting that it “must remain vigilant with respect to resilience challenges, because affordable and reliable electricity is vital to the country’s economic and national security”. As part of the proceeding, FERC directed ISO/RTOs to respond to a series of questions regarding resilience. On March 8, 2018, FERC issued an order granting further time to consider responses to those questions, as well as other stakeholder comments.ⁱⁱ

In the meantime, substantial baseload retirements, especially coal-fired units, and the evolution of the electric power sector are bringing increased attention to grid resilience and fuel security. Nationwide, 40 percent (126,000 megawatts (MW)) of the nation’s coal fleet has retired or announced plans to retire.ⁱⁱⁱ By the end of 2020, some 67,000 MW of coal-fired generating capacity in ISO/RTO footprints will have retired.^{iv} This total includes more than 10,000 MW that have announced intentions to retire this year and in 2020.^v The four ISO/RTO regions with the most coal retirements through 2020 are PJM (36,200 MW), MISO (14,800 MW), ERCOT (5,800 MW) and SPP (5,000 MW).^{vi}

In addition, 20 percent of nuclear units (21 of 105) have retired or announced plans to retire by 2030, amounting to over 17,000 MW of capacity.^{vii}

While we appreciate the Commission's efforts to examine challenges related to the reliability and resilience of the bulk power system, we are not aware of any further action, other than soliciting comments, the Commission has taken with respect to the 19-month old ISO/RTO Reliability and Resilience Docket.

Request

I/We request that FERC makes a decision on the docket and issue an order in a timely manner.

If you have any questions, please contact [____] or [____].

Sincerely,

[_____]

CC: Commissioner Cheryl A. LaFleur
 Commissioner Richard Glick
 Commissioner Bernard L. McNamee

ⁱ *Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures, Grid Resilience in Regional Transmission Organizations and Independent System Operators*, 162 FERC ¶ 61,012 (2018).

ⁱⁱ *Order Granting Rehearing for Further Consideration*, Docket No. RM18-1-001 and AD18-7-001 (2018).

ⁱⁱⁱ America's Power, *Retirements of Coal-Fired Electric Generating Units as of June 30, 2019*, www.AmericasPower.org.

^{iv} *Ibid.*

^v *Ibid.*

^{vi} *Ibid.*

^{vii} S&P Global Market Intelligence generating unit database, queried July 29, 2019.

From: Jon McKinney [mailto:jonmcky@gmail.com]
Sent: Wednesday, August 07, 2019 10:57 AM
To: Lane, Charlotte
Subject: Meeting on August 14th

Hi. This is to confirm our meeting with you at ~4:00 on August 14th at the PSC offices. Michelle Bloodworth CEO of America's Power and Paul Bailey Chief Policy Officer of America's Power will be attending with me. We have meetings with Austin Caperton at 1:30 and with Mike Hall/Bray Cary at 3:00.

The purpose of the meeting is to introduce you to Michelle and Paul, discuss email I sent asking you to request FERC to make a decision on the open resilience docket, discuss West Virginia being a early mover on the new Affordable Clean Energy rule and to provided information related to ACE and a study on leveled cost of electricity. You are welcome to invite whomever you want from your staff.

America's Power is the only national trade organization whose sole mission is to advocate at the federal and state level on behalf of coal-fueled electricity and the coal fleet. Membership is comprised of electricity generators (AEP), coal producers, railroads, barge operators, and equipment manufacturers involved in generating electricity from coal.

Good to talk to you again and look forward to seeing you.

Jon McKinney

304-561-8647

From: Lane, Charlotte
Sent: Wednesday, August 7, 2019 12:25 PM
To: Jon McKinney
Subject: RE: Meeting on August 14th

Thank you—looking forward to seeing you next week

From: Jon McKinney [mailto:jonmcky@gmail.com]
Sent: Wednesday, August 07, 2019 10:57 AM
To: Lane, Charlotte
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Jon McKinney

304-561-8647

From: Jon McKinney <jonmcky@gmail.com>
Sent: Monday, August 26, 2019 5:48 PM
To: Lane, Charlotte
Subject: Re: Letter to FERC requesting that they move Docket AD18-7 to a high priority

Thank you.

Jon

Sent from my iPhone

On Aug 26, 2019, at 5:15 PM, Lane, Charlotte <CLane@psc.state.wv.us> wrote:

This Letter went out today.

From: Lane, Charlotte
Sent: Monday, August 26, 2019 5:16 PM
To: Jon McKinney
Subject: FW: Letter to FERC requesting that they move Docket AD18-7 to a high priority
Attachments: Ltr to FERC requesting that they move Docket AD18-7 to a high priority.pdf

This Letter went out today.

Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 312
Charleston, West Virginia 25323

Charlotte R. Lane
Chairman



August 26, 2019

The Honorable Neil Chatterjee, Chairman
The Honorable Cheryl A. LaFleur, Commissioner
The Honorable Richard Glick, Commissioner
The Honorable Bernard L. McNamee, Commissioner
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Request that FERC move Docket AD18-7 to a
high priority

Dear Commissioners:

The Public Service Commission of West Virginia (PSCWV) is acutely aware of the importance of reliability and resilience of electricity supply. We are also aware of the pressures on the FERC emanating from your efforts to rely on a workably competitive power supply market while also assuring a reliable and resilient mix of generation resources. You are faced with the unenviable task of, on one hand, fostering a competitive market by allowing it to work outside the historical regulatory oversight model while, on the other hand, assuring a reliable, always-available, wholesale electricity supply. If the market was truly competitive, individual supply-side participants should operate free of regulatory mandates and bear the results, positive or negative, from the market response to their decisions. But the need for reliability and resilience of power supply is too critical to the public health and welfare, and to the U.S. economy, to simply sit back and let the market determine the reliability and resilience it wishes to offer.

In September 2017, the Secretary of Energy suggested a Rulemaking that would address resilience from the standpoint of on-site fuel supply. We understand that the FERC did not believe that the proposed Rulemaking was the appropriate proceeding for considering the resilience of power supply related to on-site fuel supplies. Instead, FERC opened docket AD18-7 to "holistically examine the resilience of the bulk power system." The PSCWV had hoped for a more immediate ruling focused on fuel security that would have assured the preservation of a reasonable balance between the FERC-preferred

free-market-based approach and an approach that would require or encourage the level of fuel-secure power supply that is necessary to meet the public interest. But, we understood the problems facing the FERC and hoped that there could be a quick turnaround in AD18-7, at least with regard to the resilience aspect of a secure, on-site generation fuel supply.

It has been nearly two years since the Secretary of Energy submitted a Notice of Proposed Rulemaking to FERC and twenty months since AD18-7 was initiated in January 2018. From the initiation of AD18-7 to around July 2018, there were numerous responses to the questions posed by FERC and reply comments to those responses. Since July 2018, however, there has been little activity in the Docket other than a few motions to update information of parties.

While we await further action in AD18-7, fuel-secure electric generating facilities that have on-site fuel stockpiles providing months of generation capability continue to be retired. From 2010 to 2017, leading up to the Secretary of Energy Proposed Rulemaking, approximately 53,000 Megawatts (MW) of coal-fired capacity were retired. For the period 2018 through 2025, actual and planned retirements total another 32,000 MW. Most of the individual generation units retired from 2010 to 2017 were older, smaller units with an average age of about 55 years and average unit capacity of about 125 MW. More recent retirements are newer and much larger units. In 2018, the average capacity of retired units was 350 MW with an average age of 46 years.¹

We are concerned that retirements of old, less efficient coal-fired units that some argue were so inefficient that retirement was a given are over and we are now seeing premature retirements of more efficient super-critical units that should have 10 to 15 years of remaining life.

We are also concerned that, in addition to losses of fuel-secure coal-fired plants, retirements of nuclear plants, which have even greater on-site fuel capability than most coal-fired plants, are slated to increase. From 2013 through 2018, approximately 5,000 MW of nuclear capacity was retired. From 2019 through 2025, another 11,000 MW of nuclear capacity has been announced as retiring.²

¹ U.S. Energy Information, July 9, 2019, [More U.S. Coal-Fired Power Plants are Decommissioning as Retirements Continue](http://www.eia.gov/todayinenergy/detail.php?id=40212), Web Article, accessed August 23, 2019 at www.eia.gov/todayinenergy/detail.php?id=40212

² U.S. Energy Information, March 21, 2019, [Despite Closures, U.S. Nuclear Electricity Generation in 2018 Surpasses Its Previous Peaks](http://www.eia.gov/todayinenergy/detail.php?id=38792), Web Article, accessed August 23, 2019 at www.eia.gov/todayinenergy/detail.php?id=38792.

August 26, 2019

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The PSCWV does not believe that the possibility of fuel supply interruptions is so remote that it should not enter into your consideration of an appropriately resilient generation mix. We have had first-hand experience with threats to generation capability due to fuel supply interruptions. These fuel supply interruptions, some due to extreme weather conditions and some due to interruptions at the supplier level, sometimes lasted for several weeks or several months. They went largely unnoticed by the general public in this state because generation at the coal-fired power plants in West Virginia continued during these interruptions due to ample supplies of on-site fuel. While they have not occurred often, we are concerned that widespread, unexpected fuel interruptions could occur again and they could not be handled, even with implementation of demand-side responses, without inventories of on-site fuel supplies at a sufficient number of power plants.

We are writing to urge the FERC to move AD18-7, and particularly consideration of fuel supply security as it relates to resilience of our power supply markets, to a high priority and consider the need for mechanisms and market rules to assure not just a low-cost, but also a reliable, resilient, fuel-secure power supply mix so that if future unexpected fuel supply interruptions occur, they will not result in an inability to maintain electric service at the level required for the public health and safety.

Please feel free to contact me at the number or email address provided on my letterhead, or you may directly contact our advisor, David Ellis, at 304-382-3836, dellispse@gmail.com, if you or your staff have any questions or require any information from the perspective of a State Regulatory Commission charged by our State Legislature to, among other things, "assure the availability of adequate, economical and reliable utility services throughout the state."

Thank you for your prompt consideration of our request.

Respectfully,



Charlotte R. Lane
Chairman

cc: The Honorable Jim Justice, Governor of West Virginia
Brooks F. McCabe, Jr., Commissioner, PSCWV
Renee A. Lerrick, Commissioner, PSCWV
David J. Ellis, Consultant